

ANNUAL REPORT 1979

CALGARY, ALBERTA

DECEMBER 30, 1979

AR19

Carma Developers Ltd. expands California market penetration

October 10, 1979

Carma Developers Ltd., with head office in Calgary, announced today that its wholly owned subsidiary, Carma Developers (California) Inc. has completed arrangements for several new projects in the California market area.

Vice-President, Bryan Winspear, responsible for operations in Southern California, announced that servicing is well underway and actual construction will commence shortly on the 392 unit condominium community, Aliso Creek Villas, in El Toro, California approximately 60 miles south of Los Angeles. Aliso Creek Villas are being built in conjunction with The Warmington Group, and will be the first affordable housing project in Orange County. The first units are scheduled for occupancy by July, 1980.

CONTINUED PAGE 11

Carma reports profits

July 24, 1979

Carma Developers Ltd. of Calgary reported net income of \$3,812,000 or 78 cents per share on total revenues of \$48,893,000 for the six months ended June 30, 1979.

This compares with net income of \$3,811,000 or 33 cents per share from total revenues of \$26,109,000 in the first half of 1978.

Carma increases land holdings in Vancouver

June 26, 1979

Carma Developers Ltd. of Calgary, Alberta announced today that they have purchased the 50% interest of their joint venture partner in the 366 acre Port Moody B.C. project currently being developed under their management. Carma previously acquired a 50% interest in the lands.

This tract of land encompasses "The Villages" which are included in the City of Port Moody's North Shore Project — a comprehensive 10 year planned project for the development of an extensive new community on the north shore of Burrard Inlet.

CONTINUED PAGE 7

Carma increases activity in Denver market area

November 30, 1979

Carma Developers Ltd. of Calgary announced today the joint venture purchase of land in downtown Denver for the construction of a high-rise office complex. The company also announced the purchase of the remaining 25% interest in the Marketplace complex in Aurora, Colorado.

The land acquired in the heart of downtown Denver is located at

17th and Welton Streets and is a prime developable tract of 11,000 square feet. The joint venture purchase, with Carma a 50% owner, includes participation by Venture Properties Ltd. and Highfield Development Corporation (Colorado) Inc.

CONTINUED PAGE 17

Carma Developers Ltd. enters Florida Real Estate Market

November 16, 1979

Carma Developers Ltd. of Calgary announced today that its wholly owned subsidiary, Carma

Developers (Palm Beach) Inc. has completed a joint venture agreement with Tartan Management U.S., Inc. of Florida to develop 1,330 acres of land in two prime locations bordering Military Trail in Palm Beach County, Florida.

The development program, which will be jointly managed and operated by the Carma/Tartan Group, is expected to yield approximately 2,500 single family detached lots in attractive resort-like settings. Initial plans indicate a seven-year development program. Included as special amenities in the two projects will be a championship 18 hole golf course, tennis clubs and extensive private lakes.

The two parcels of land have already received all necessary master plan and zoning approvals. Servicing is readily available in order to produce the first fully serviced lots by the summer of 1980.

CONTINUED PAGE 9

Carma sells St. Albert land

June 21, 1979

In a joint announcement, Carma Developers Ltd. and Nu-West Development Corporation Ltd. have disclosed that Carma has agreed to sell to Nu-West its 50% undivided interest in the Woodlands community, some 510 acres of land currently under development in Edmonton's satellite city of St. Albert. Nu-West is already the owner of the other 50% interest in the land which has been operated as a joint venture with Carma as the operator.

CONTINUED PAGE 5

Carma
Developers Ltd.
Involving you...
from the ground up.

Carma's Cover Story

The foundation for Carma Developers Ltd. was laid in 1958. After 14 years as a successful private land development company in the Calgary market area, Carma was converted to a public company in 1972. This was done with the belief that future success would be enhanced through a well-planned and properly implemented expansion program.

Early expansion included a move into other Canadian residential growth areas. In 1975, the establishment of an Industrial, Commercial and Investment Division provided initial opportunities for the development of company owned commercial properties. The company has experienced phenomenal growth and diversification, and by the end of 1979, Carma conducted active operations in Alberta, British Columbia, Ontario, California, Colorado, Florida, Texas and Washington.

As our cover story so aptly illustrates, the evidence of Carma's ability to plan ahead was "in the news" in 1979. Carma's success during the year reached new highs in all of the traditional areas of financial measurement. The company has added a growing inventory of rental properties to its substantial and strategically located land bank. Additional diversification in 1979 included residential construction in Southern California plus investment in other growth oriented public companies.

Carma in the News

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AR19

Carma

Developers Ltd.

Progress report to
shareholders for
six months ended
June 30, 1979

Auditors:

Winspear Higgins Stevenson & Co.

Transfer Agents and Registrars:

Montreal Trust Company - Class A and B Common Shares, Series A and Series B
Sinking Fund Debentures.

The Canada Trust Company - Series A and Series B Secured Debentures.

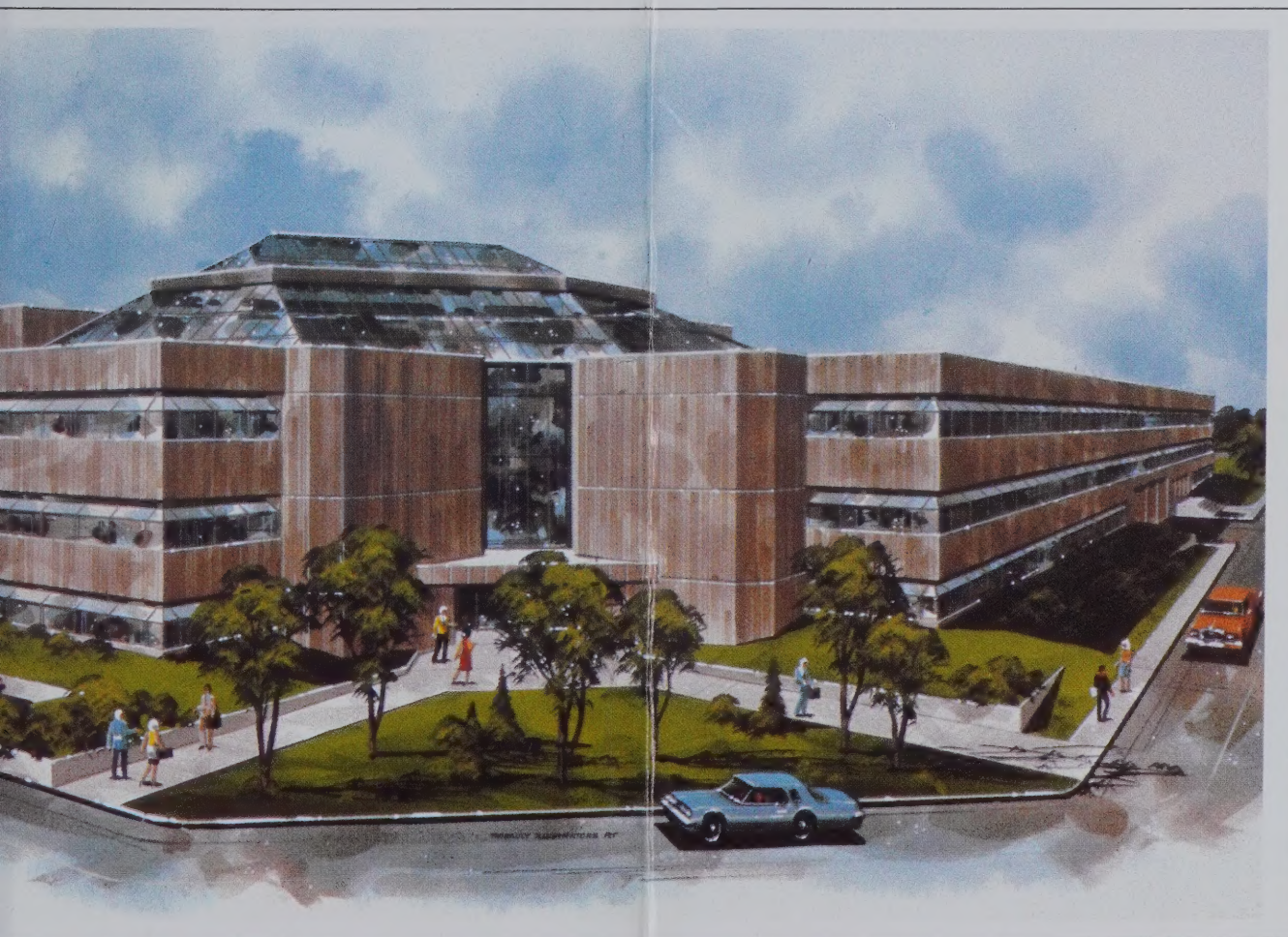
Guaranty Trust Company - First Preferred Shares, Series A.

Shares Listed:

Toronto Stock Exchange

Alberta Stock Exchange

*An architects conception of the first prestige office
complex, soon to be under construction in the initial
phase of Carma's Deerfoot Business Centre in north
Calgary. Carma will occupy a portion of the space in
this new and exciting office project.*



Ralph Scurfield * ‡

Director

President of Nu-West
Group Limited

A. Scott Taylor †

Director

Vice-President of Pembroke
Management Ltd.

Roy Wilson ‡

President and
Director

President of the Company

* member executive committee

† member audit committee

‡ member compensation committee

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Carma's Cover Story

The foundation for Carma Developers Ltd. was laid in 1958. After 14 years as a successful private land development company in the Calgary market area, Carma was converted to a public company in 1972. This was done with the belief that future success would be enhanced through a well-planned and properly implemented expansion pro-

To the shareholders.

A net income of \$8,812,000 equalling 78 cents per common share was recorded by Carma for the six month period ended June 30, 1979. This compares to net income of \$3,811,000 or 33 cents per share for the first half of 1978. Total revenue increased to \$48,893,000 for the six months just completed, nearly doubling the \$26,109,000 reported for the corresponding period in 1978.

Some interesting, and hopefully trend setting events, led to the improved second quarter performance. An increased demand in the greater Vancouver market area resulted in sales of 166 lots, predominately in the new Carma communities of Mountain Meadows, The Orchard, Cannery Place, Bonavista and Briarwood. The sale of a multi-family and a commercial site in Tiffany Estates assisted in providing a total Vancouver sales volume that approached \$5.5 million for the second quarter. Carma's first sale in California was also finalized. The Meadow Wood property in Sacramento, a 110 acre parcel optioned in February, 1978, was subsequently annexed to the City of Sacramento, received development and subdivision approval and was sold.

Sales of 424 single family and duplex lots were completed in the second quarter which increased total sales for the first half of 1979 to 1,007 residential lots. Second quarter sales were recorded from the following regions: Calgary 187 lots; Vancouver 166 lots; Edmonton 64 lots; and Hamilton 7 lots.

Your Board announced two significant land transactions in late June. In a joint announcement with Nu-West Development Corporation Ltd., Carma disclosed that it has agreed to sell to Nu-West its 50% undivided interest in the Woodlands community, involving 510 acres of land currently under development in the City of St. Albert near Edmonton. Nu-West was the owner of the other 50% interest in the land which had been operated as a joint venture by Carma. The first phase of the project has been developed and homes are presently being marketed by the builders. The joint venture on the first phase will continue until its completion, with subsequent phases becoming the responsibility of the new owner.

Vancouver land holdings were increased through Carma's purchase of the 50% interest of its joint venture partner in the 366 acre Port Moody project currently being developed under Carma management. Carma had originally acquired a 50% interest in the land in the fall of 1978. This tract of land encompasses "The Villages" which are included in the City of Port Moody's North Shore Project, a comprehensive 10 year planned project for the development of an extensive new community on the north shore of Burrard Inlet. Servicing is completed, with lot sales and housing started on the 37 acre first phase village of Mountain Meadows. Development of the remaining 329 acres will proceed in planned phases to meet the expected demand in this prime growth area of greater Vancouver.

As the Commercial Division expands into larger income producing properties—like Market Place in Denver—the smaller income properties are being sold. This policy was reflected in the announced sale of the Lakewood Shopping Centre in Edmonton, effective May 1, 1979.

Your Board of Directors scheduled a Special Meeting of the Shareholders at the Company's Edmonton office on June 19, 1979, for the purpose of obtaining shareholder approval to increase the capital of the Company by the creation of 5,000,000 Preferred Shares of the par value of \$20.00 each. The required shareholder approval was obtained at this Special General Meeting and the Board of Directors then passed a resolution cancelling all authorized First Preferred Shares of the Company, except for the 235,875 First Preferred Shares, Series A, currently issued and outstanding.

On June 29, 1979, your Company announced that it intended to make a cash offer on the Toronto Stock Exchange for up to 300,000 common shares of Allarco Developments Ltd. of Edmonton, at a price of \$52.25 per share. At the end of June, Carma controlled approximately 25% of the outstanding common shares of Allarco. This major investment is considered by your Board to be a means of broadening the company's earnings base by participating in Allarco's involvement in chemicals, communications, financial services and revenue producing properties.

During the first half, Class A and Class B common shareholders received a 10 cent per share dividend on February 12, 1979, and a 15 cent per share payment on May 11th. The next payment of 15 cents per share is scheduled for August 10, 1979, to shareholders of record as of July 31st. Scheduled dividend payments of 43.75 cents per share to holders of the 8¾% Cumulative Redeemable First Preferred Shares, Series A, were

Board of Directors

made on January 15 and April 16, 1979, with the third payment due on July 16th.

The important role performed by the Divisional Advisory Boards is once again recognized as we list the able and competent members who are providing expert advice for the regional operations.

Calgary: Wayne Hill, Tom Hughes, Gert Janssen, Al MacLean, Mike Ross, Eck Spindler.

Edmonton: Eric Albrecht, Keith Dahlen, Art Fleck, Stan Hooper, Walter Braul.

Vancouver: Doug Bigelow, Larry Bourne, Vic Hoing, Peter Hyndman, Denny Pearce, Mitts Sakai, Vern Sparks.

Hamilton: Don Ennis, Eric Johnson, Gordon James, Jay Robinson.

Seattle: Jim Falconer, Bill Riley, Dave Lozier.

ICI Division: Lorne Braithwaite, Joe Finocchio, Ken Ford, Peter Hyndman, Scott Taylor.

Roy Wilson
President

Carma Developers Ltd. and Subsidiary Companies

Consolidated Statement of Income

(Unaudited)

Six months ended June 30, 1979 and 1978

	1979	1978
Revenue:		
Sale of residential land	\$ 30,418,000	\$ 14,327,000
Sale of commercial, high density and undeveloped acreage	13,013,000	9,344,000
Rental income	642,000	322,000
Interest and other	4,820,000	2,116,000
Total revenue	48,893,000	26,109,000
Expenses:		
Cost of residential land sold	17,874,000	9,547,000
Cost of commercial, high density and undeveloped acreage sold	6,781,000	5,366,000
Rental operating costs	275,000	144,000
Administrative and general	3,238,000	1,707,000
Interest	4,385,000	2,080,000
Depreciation and amortization	309,000	158,000
Total expenses	32,862,000	19,002,000
Net income before income taxes	16,031,000	7,107,000
Income taxes	7,219,000	3,296,000
Net income for the period	\$ 8,812,000	\$ 3,811,000
Average number of common shares outstanding	11,067,234	11,045,546

	1979		1978	
	No Dilution	Full Dilution	No Dilution	Full Dilution
Net income per common share	\$0.78	\$0.77	\$0.33	\$0.32
Cash flow per common share	\$0.82	\$0.82	\$(0.05)	\$(0.05)

* member executive committee

† member audit committee

‡ member compensation committee

Carma's Cover Story

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Carma Developers Ltd. and Subsidiary Companies

Consolidated Statement of Changes in Financial Position

(Unaudited)

Six months ended June 30, 1979 and 1978

	1979	1978
Cash was provided by:		
Operations		
Net income	\$ 8,812,000	\$ 3,811,000
Items not requiring the outlay of cash		
Depreciation and amortization	309,000	158,000
Deferred income taxes	201,000	(4,337,000)
	9,322,000	(368,000)
Increase (decrease) in bank indebtedness	3,169,000	4,105,000
Increase (decrease) in income taxes payable	5,026,000	1,391,000
Issue of Sinking Fund Debentures, Series B	20,000,000	—
Issue of common shares	33,000	19,000
	37,550,000	5,147,000
Cash was used for:		
Decrease in mortgage & agreement payable on rental property	216,000	200,000
Decrease in trade & other payables	1,119,000	3,254,000
Increase (decrease) in receivables	7,889,000	(9,887,000)
Increase in marketable securities	3,604,000	1,614,000
Increase in investments	5,276,000	—
Increase (decrease) in investment in land and utility costs	12,755,000	6,361,000
Increase (decrease) in other assets	127,000	(11,000)
Increase in rental properties and rental properties under construction	2,656,000	2,126,000
Increase (decrease) in deferred financing costs	819,000	10,000
Redemption of Subordinated Debentures, Series C	643,000	—
Redemption of Secured Debentures, Series A	—	746,000
Redemption of Secured Debentures, Series B	—	1,257,000
Redemption of Sinking Fund Debentures, Series A	56,000	—
Dividends paid	2,976,000	1,543,000
Purchase fund - preferred shares	95,000	62,000
	38,231,000	7,275,000
Increase (decrease) in cash and deposit receipts	\$ (681,000)	\$ (2,128,000)

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Offices

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Regional Offices:

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HAMILTON, ONTARIO, Suite 712, 105 Main Street East L8N 1G6. Phone (416) 529-3650

VANCOUVER, BRITISH COLUMBIA, 10453 - 137 Street, Surrey, B.C. V3T 5B1. Phone (604) 585-3121

HOUSTON, TEXAS, Suite 120, 901 Threadneedle, Houston, Texas 77079. Phone (713) 496-5320

SEATTLE, WASHINGTON, 305 - 108 Avenue, N.E., Bellevue 98004. Phone (206) 455-2942

WALNUT CREEK, CALIFORNIA, Suite 301, 45 Quail Court, Walnut Creek, Cal. 94596. Phone (415) 944-0501

ICI Division:

CALGARY, ALBERTA, No. 20, 5720 Silver Springs Blvd. N.W. T3B 4N7. Phone (403) 286-3331

EDMONTON, ALBERTA, 5th Floor, Victoria Place, 10009 - 108 Street T5J 3C5. Phone (403) 425-0250

AURORA, COLORADO, Suite 810, 3033 South Parker Road, Aurora, Col. 80014. Phone (303) 750-3524



Board of Directors



(Standing Left to Right) Roy Wilson — President, Larry Bourne, A. Scott Taylor, Rudy Janzen — Executive Vice-President, Ken Comyns, Stan Hooper.

(Seated Left to Right) Howard Ross, Tony Usselman — Chairman of the Board, Joe Combe — Vice-Chairman of the Board, Chief Executive Officer, Ralph Scurfield, Klaus Springer — Chairman-Elect.

Directors and Officers

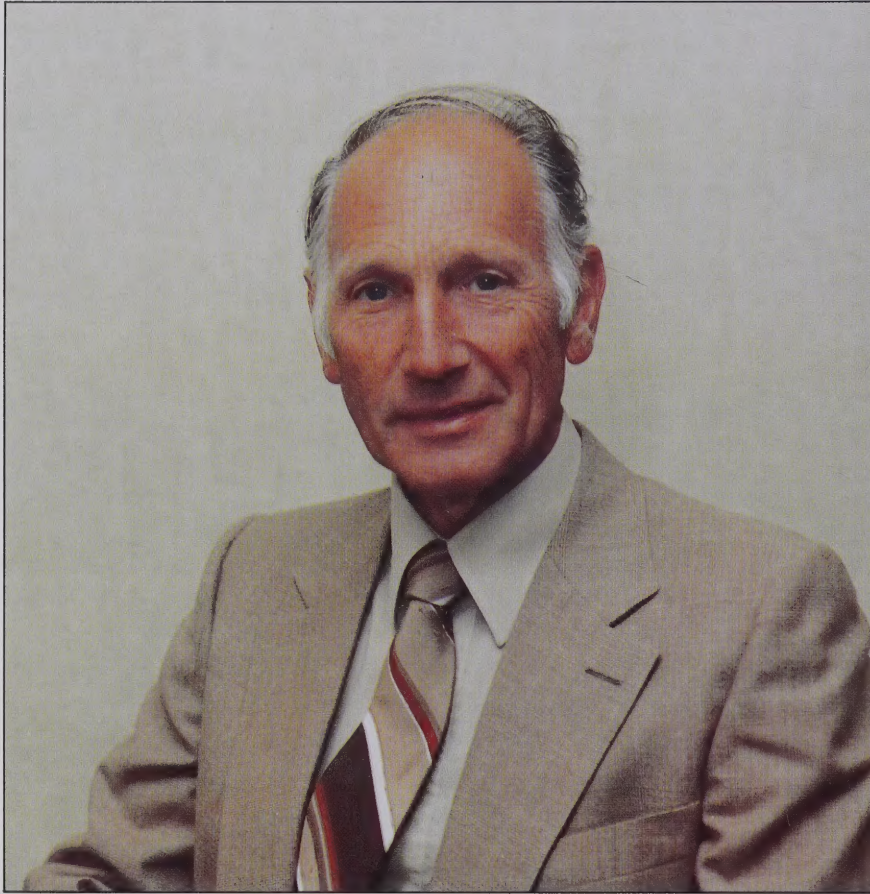
Tony Usselman * †	Chairman of the Board Director	President of Anton Developments Ltd.
Klaus Springer * ‡	Chairman-Elect of the Board and Director	President of Springer Development Corporation Ltd.
Joe Combe * †	Vice-Chairman of the Board, Chief Executive Officer and Director	Executive of the Company and President of Ebmoc Management Ltd.
Larry Bourne ‡	Director	President of Van-Bourne Group Ltd.
Ken Comyns	Director	President of Nu-West, Inc.
Stan Hooper †	Director	President of Stanton Developments Ltd.
Rudy Janzen	Executive Vice-President and Director	Executive of the Company
Howard Ross *	Director	President of Britannia Homes Ltd.
Ralph Scurfield * ‡	Director	President of Nu-West Group Limited
A. Scott Taylor †	Director	Vice-President of Pembroke Management Ltd.
Roy Wilson ‡	President and Director	President of the Company

* member executive committee

† member audit committee

‡ member compensation committee

Report to Shareholders



Tony Usselman
Chairman of the Board

1979 proved to be another year of satisfactory growth for Carma. Net income increased to a new high of \$29.8 million, up from the \$21.9 million recorded in 1978. Total revenue for the year reached \$142.5 million compared to \$104.6 million in 1978. Earnings per common share rose from the \$1.95 recorded in the previous year to a record \$2.65 for 1979.

Carma continues to analyze its extensive land bank by closely monitoring the development constraints and potential of each parcel and determining from time to time, those properties which are not deemed essential in the company's five year development schedule. An integral part of each year's planning includes the conscious effort to sell those portions from the land bank which do not meet the medium to short term objectives of the company. Conversely, efforts are continually directed toward the acquisition of lands which meet the corporate development criteria. While Carma's total land under control at December 30, 1979, was 14,146 acres in 12 North American regions, it represented an increase of only 212 acres from the same period in 1978. However, the increase resulted from the acquisition of 1,982 acres during the year and the disposition through the sale or development of 1,770 acres. This type of rationalization insures the company of a strong, viable land bank with which to operate under the terms of the five-year development program.

Sales of low density residential lots continue to improve as a total of 2,445 were sold from all areas of operation during 1979. Increases were recorded in Calgary, Vancouver, Hamilton and Houston. The new areas of Sacramento and Seattle were contributors for the first time.

The February 1979 quarterly dividend payable on class A and Class B common shares was 10 cents per share. For the May and subsequent 1979 dividends, the Board of Directors approved a 15 cent per share quarterly dividend, resulting in a total payment of 55 cents per share for 1979.

Effective with the November 1979 quarterly dividend, shareholders were granted the option of receiving dividends in the form of Carma shares. Class A shareholders now receive their dividend payments in cash while Class B shareholders receive additional Class B shares as dividends. Your Board announced a corporate share repurchase program during the year whereby the Company may purchase up to 200,000 of its common shares for cancellation.

Authorization was granted at a special meeting of the shareholders in June, 1979, to increase the capital of the Company by the creation of five million Preferred Shares of the par value of \$20.00 each.

On February 15, 1979, your Company issued \$20,000,000 of 12% Sinking Fund Debentures, Series B, to mature February 15, 1999 with redemption at the holder's option on February 15, 1987. On October 31, 1979, your Company issued, through a private placement, \$15,000,000 of 12 $\frac{1}{2}$ % Sinking Fund Debentures, Series C, to mature October 31, 1989.

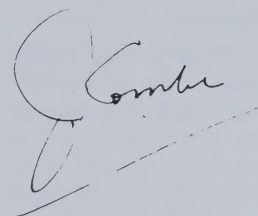
During the year, Carma purchased approximately a 27 percent interest in Allarco Developments Ltd. of Edmonton, a company actively involved in petrochemicals, communications, financial services and rental properties.

Higher interest rates throughout the latter part of 1979 and the prospects of even further increases during 1980 are a cause of concern. The decline in housing starts in both Canada and the United States, evident in 1979, will likely be more pronounced in 1980. While the decline may be less severe in those regions of North America which have recently out-performed the continent as a whole, the opportunities for the sale of Carma's resi-

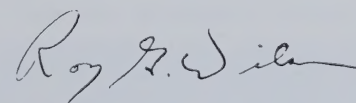
dential lot production may be restricted. Strong emphasis will be given to matching merchandising and marketing efforts with production to maximize profit from the expected reduced residential market. Your management team is striving to supplement the company's traditional serviced lot sale income with income from its expanded activities in other real estate related ventures.

Your Board's decision to annually rotate the position of Chairman has proven very advantageous. The expertise provided by the senior directors assuming this major position has been invaluable in terms of planning and direction. Tony Usselman was elected Chairman of the Board for 1979 following the Annual Shareholders meeting in April.

We again acknowledge the loyalty of your entire Carma team whose skill and dedication was responsible for the results during 1979. A special thanks to the many members of advisory boards, committees and certainly to builder-shareholders who all played an important role in making 1979 Carma's best year.



C. J. Combe,
Vice-Chairman of the Board
and Chief Executive Officer



Roy Wilson,
President

Review — Land Division

Calgary, Alberta

Calgary's position as the fastest growing Canadian City is well reflected in Carma's increased lot production for 1979.

The substantial increase in lot sales, 353 more than in 1978, pushed sales revenue to \$44 million on the 1202 single family and duplex lots marketed during the year. A further \$8 million was provided from the sale of high density, commercial and undeveloped acreage. The communities of Falconridge and MacEwan Glen recorded sales of 748 lots, with Edgemont, Crowchild Ranch, Woodlands, Woodbine and Strathcona contributing the remaining 454 lots.



Final lot sales for Woodlands were recorded in 1979, as servicing begins on the community of Woodbine.

Carma's development program for the 1980's was stimulated by a City Council approval of two major Area Structure Plans during 1979. The Crowchild Plan, approved in August, comprises 3,140 gross acres in north-west Calgary, and the Riverbend Plan which covers 455 acres in the south-east sector of the city was approved in October.



Riverbend, a Carma joint venture along the Bow River, will be ready for marketing in 1980.



Over 2000 prospective Calgary buyers participated in the opening of the MacEwan Glen Home Show.

In addition to new phases in ongoing communities, the 1980 development of the initial phases of the new communities of Hawkwood, Scenic Acres and Castleridge will assure an adequate supply of residential lots to meet Carma's share of the growth predicted for Calgary throughout the next decade. Carma is well situated to provide serviced land to its builder-shareholders in every sector of the city and in every market segment during the 1980's.

Home Shows have always been a marketing tool of the Carma organization, and again in 1979, assisted builder-shareholders and home buyers in launching new communities. The ongoing Home Shows in Edgemont, MacEwan Glen and Falconridge are highlights of the Carma-BUILDER marketing program.

CONTINUED PAGE 5



Carma's Tree Farm is an essential part of the company's landscaping program for new residential and commercial communities.



Rosemont was Carma's first community in 1958. Even today it reflects the careful attention given to planning and landscaping that is an important part of every Carma community.

Carma is committed to meet the challenge as the market becomes more competitive, and to provide new and innovative approaches in satisfying the requirements of the home buying public.

Edmonton, Alberta

Since 1972, Carma has been carefully and methodically establishing itself as a major land developer in the Edmonton market place. Sales revenue for the Edmonton Land Division equalled \$25.8 million with a major contributor being the sale of Carma's 50 per cent interest of raw land and 300 lots in the Woodlands, and an additional 146 lots in other communities.

Carma's 1,130 acres of land in, or immediately adjacent to the City of Edmonton, and 2,121 acres in outlying communities match future projections of strong growth in both areas. During 1980 the company will begin development plans in one major sector of Edmonton, and in the satellite communities of Leduc and Fort Saskatchewan.



With Phase One "sold out" to builder-shareholders, Carma sold the remaining undeveloped phases of Woodlands to its joint venture partner.



Future projections show a strong growth in outlying communities such as Fort Saskatchewan, where Carma holds 1,225 acres.

The Fort Saskatchewan joint venture project will involve the first stage of development in a new community of Southfort expected to be available in late 1980.



River and City centre views, as well as ravine lots will be natural amenities in Carma's Riverbend community.



Carma will begin first phase development on 160 acres adjoining the Leduc golf course in 1980.

Plans for Leduc include first phase development on 160 acres adjacent to the golf course.

Carma's exciting new project in the southwest Riverbend area of Edmonton was augmented in 1979 with the acquisition of an additional 300 acres. The Riverbend area offers many wooded and ravine areas adjacent to Whitemud Creek and the potential for excellent views overlooking the North Saskatchewan River. The first stage of development is underway, with servicing expected to commence in early spring of 1980.

In keeping with Carma's aggressive policy of maintaining a strong position in the market place, the program of adjusting and adding to the present land inventory will be an important part of activity in 1980.



A setting of mature cedars and fir provides an excellent backdrop for Carma's 1980 Home Show in Sunshine Woods.

Vancouver, British Columbia

Vastly improved market conditions throughout the greater Vancouver market area during 1979 enhanced Carma's sales performance for the year. Lands serviced and marketed during 1979, boosted Carma lot sales to an impressive 486 single family and duplex lots.

Six of Carma's newest communities recorded the bulk of the lot sales, with 151 in Briarwood of Guildford, 74 in Sunshine Woods, 68 in Mountain Meadows, 63 from Tiffany Estates, 54 in The Orchard and 47 from Bonavista. The remaining 29 lots represented sales in five established subdivisions. The sale of raw land which did not meet Carma's development requirements increased total sales revenue to a record \$15.45 million.

The major news from the Vancouver operation in 1979 was the acquisition of the remaining 50 per cent interest in the 366 acre Port Moody Project called "The Villages". The Village of Mountain Meadows represents the first development phase of a planned 10 year program to develop an extensive new community overlooking the Burrard Inlet. Carma is working closely with the City and Builder-shareholders to ensure that the new community reflects the quality and lifestyle that will be demanded in the 1980's.



An attractive entrance way greets residents to Carma's Mountain Meadows, the first phase of "The Villages" community in Port Moody.

Ontario

The opening of new offices in Mississauga, Ontario during 1979 was the initial step toward consolidation of all Ontario operations under one roof. All Carma operations along the east United States coastline will also be administered from this office.

Albion Estates, in Hamilton, recorded sales of 171 residential lots for a total revenue of \$2.89 million. In this continuing "soft" market Carma developed new strategies to assist builder-shareholders in product marketing. In addition to the successful home show promotion, Carma initiated a system to guarantee lot sales. Since speculative building is almost non-existent in the Hamilton area, Carma's "option" system is ideally suited to reflect local market conditions. The remaining Albion Estates inventory of 135 lots will be marketed during 1980.

Carma's joint venture lands in central Mississauga were registered in December, 1979 with servicing and marketing available in 1980. The Oakville subdivision of some 140 acres, including an 18 acre community commercial site, should be draft approved in 1980, and lots possibly available late in the year. This program will extend for 3 or 4 years and will be an important component of Carma's Ontario program.



An increase in construction starts in Carma's Albion Estates accounted for sales of 171 lots.



Carma's development plan for Oakville includes retention of natural amenities.



Carma's residential development in Florida will include private lakes and a golf course.

Florida

During the fourth quarter, Carma announced its newest geographic expansion and diversification through its entry into the Florida real estate market.

A total of 1,330 acres of land have been purchased in two prime locations in Palm Beach County, bordering Military Trail. The development program will be jointly managed and operated by the Carma/Tartan Group which consists of Carma Developers (Palm Beach) Inc. and Tartan Management U.S. Inc.

Initial plans indicate an expected yield of approximately 2,500 single family detached lots in attractive resort-like settings. Special amenities will include a championship 18 hole golf course, tennis clubs and private lakes. The two parcels of land have received all necessary master plan and zoning approvals, with a service plan prepared to produce the first fully serviced lots by the end of 1980.

Carma will intensify its search for additional Florida development opportunities in 1980.

Northern California

The magnitude and potential of the total California market dictated a geographic separation of the Carma operations. In 1979, two divisions were formed, a southern section to include the greater Los Angeles area, and a northern section to include the San Francisco and Sacramento areas.

First-year results from the competitive northern California market area clearly demonstrate Carma's success. In January, 1979, the company exercised its option on 110 acres of land in Sacramento and purchased land for 191 single family lots in the nearby City of Folsom. Both projects were successfully sold during the year, providing total sales revenue of \$8.6 million.

The purchase of two additional properties for residential development was completed during the year. A 52 acre tract destined for suburban residential living was acquired in the "South Pocket" of Sacramento and zoning was received on land in the Russian Hill district of San Francisco for the construction of approximately 30 luxury condominium units.

Planned commercial development became a major factor in the future growth of the northern California operations. Two exciting projects were announced in October. A three acre tract of land, zoned high density-office and retail use, was acquired in Walnut Creek. This site is scheduled as the first phase of Walnut Creek's urban core development area. Initial development plans include a seven storey office building of 185,000 square feet, plus the option to joint venture a second building of 70,000 square feet.

The second project involves the purchase of a 47 acre tract of land for the development of a business park in Sacramento. The site, located in the demographic centre of Sacramento, is properly zoned for office and commercial use.



Luxury condominiums are planned for Carma's Russian Hills property.



Construction on a seven storey commercial building in 1980 will mark Carma's expansion in Walnut Creek, 50 miles from San Francisco.

Southern California

Carma achieved a number of firsts during 1979 in its move into the Southern California market.

The company signed a Master Operating Agreement in July with The Warmington Group of Irvine, California, to enter into all aspects of land development. The Warmington Group will provide the required local expertise in land use approvals and building construction. By year end, Carma and Warmington had entered into five projects. The project closest to completion is Aliso Creek Villas, a 392 unit condominium community in El Toro, California, and marks Carma's initial entry into home building. Aliso Creek is the first affordable housing project to be built in Orange County under the new program initiated by the county and the State of California. Buyer interest has been exceptional and eventual owners will be identified in a lottery to be held before the expected July, 1980 occupancy date.

Other projects in the planning state in Orange County include a 472 acre tract in Laguna Heights slated for mixed residential use, a condominium and single family site near Dana Point, and single family lots in the southern sector of the county. Carma will also joint venture with Warmington a 116 lot site in Corona, Riverside County.

These projects will form the start of Carma's long term involvement in the Southern California marketplace.



Construction nears completion on Carma's Aliso Creek Villas, the first affordable housing community in El Toro, California.

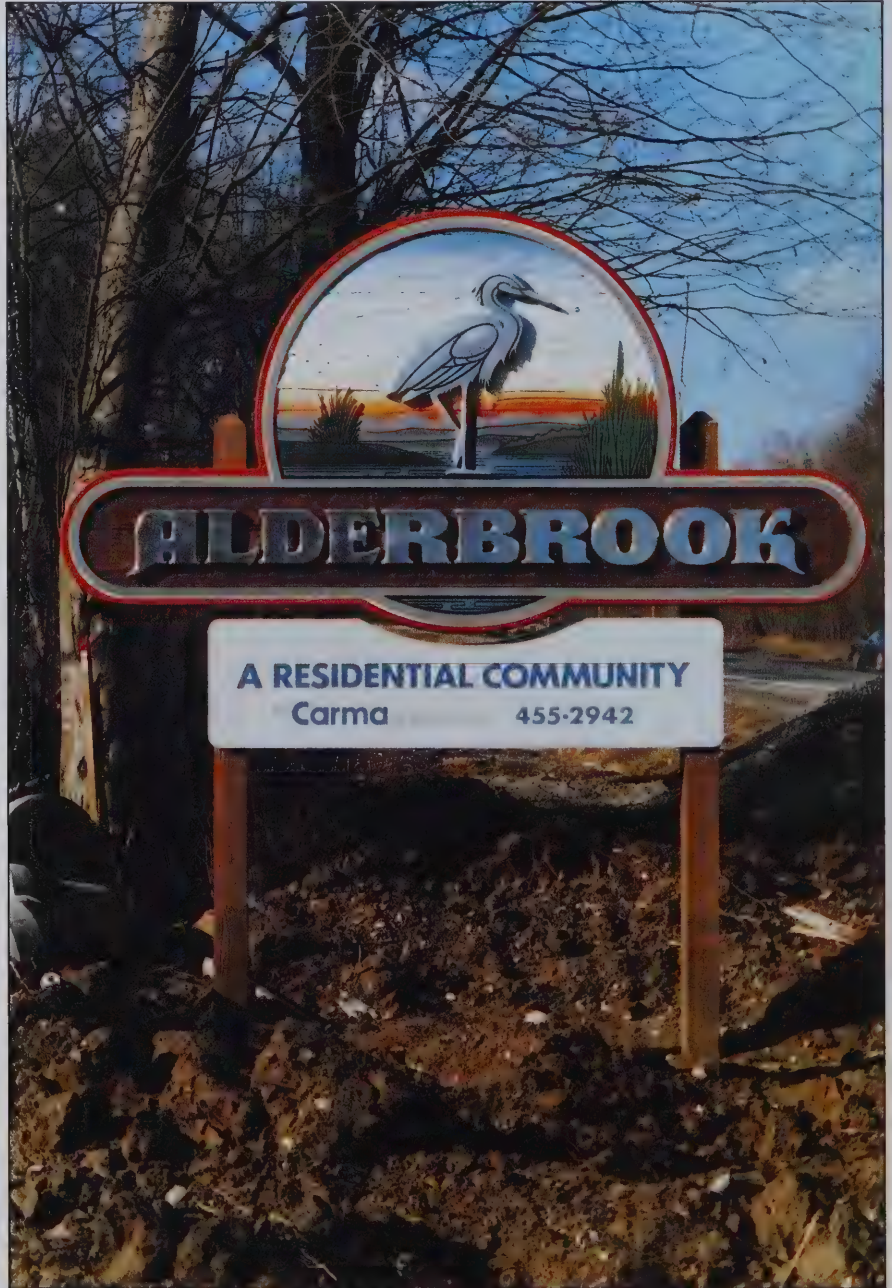


Laguna Heights will provide Carma with development possibilities on a 472 acre tract of land.

Washington

In its first full year of operations, the Washington Land Division recorded sales of 130 lots for a total revenue of \$1.6 million in Inglewood Glen. The remaining 48 serviced lots in the subdivision are available for immediate marketing.

Extensive planning continued throughout the year on the Heather Hills and Alderbrook communities. Alderbrook is planned to provide approximately 500 single family lots plus two multi-family sites. Marketing of the first two 50 lot phases is planned during 1980.



Carma's Alderbrook community in Seattle will offer jogging and bicycle paths in addition to attractive entrance treatments.



Sixteen homes formed the nucleus of the Carma Showcase of Homes in the Colonies.

Houston, Texas

Carma's year-end inventory of serviced residential lots in The Colonies is sufficient to meet the demand that is expected for the coming year. Sales of 119 lots in Jamestown and Concord Colonies during 1979 assisted the company in attaining the majority of its lot marketing objectives.

Planning will continue throughout 1980 at a pace determined by the economic dictates of high mortgage interest rates and the perceived demand for innovative housing in the future. Carma's extensive land bank in the northwest Houston area provides the company the flexibility of rapid development, if warranted, or a basic hold pattern until market conditions improve.

Review — ICI Division



Carma Developers will consolidate Calgary's corporate, land and ICI divisions in the Deerfoot Business Centre during 1980.

Sales revenue from the ICI Division in 1979 totalled \$21.5 million through the leasing or sale of company developed commercial properties. The sale of four community shopping centres made up the majority of this revenue.



Construction proceeded throughout the winter on the first prestige office building in the 260 acre Deerfoot Business Centre

Calgary, Alberta

The scope and magnitude of the Deerfoot Business Centre reveals Carma's most aggressive and prestigious joint venture project to date. The completion will support the construction of more than five million square feet of office space, a proposed regional shopping centre, hotels, restaurants, plus a host of special amenities to blend the entire 260 acres in north Calgary into a complete working community.

Construction began on the Carma Building, a three storey, atrium office complex of 160,000 square feet. Carma will occupy a portion of the first building in consolidating its Corporate, Land and ICI operations by late 1980. Plans are currently being finalized for a 1980 construction start on the second office structure, as well as the Phase 2 joint venture development of a large regional shopping centre.



Carma's 20 storey joint venture office tower is just one of two highrise buildings slated for downtown Edmonton.

Edmonton, Alberta

Late in the fourth quarter Carma announced joint venture agreements for the development of two prime commercial sites in downtown Edmonton.

Excavation began in late December on a 20 storey, atrium office tower containing 200,000 square feet of office and retail space. The tower will be topped with a sloping roof for the possible addition of solar energy panels. Additional amenities will include an eight-storey atrium, glass elevators from the parking levels and an underground pedway to a planned extension of the light rail transit. The second site is adjacent to the recently approved City of Edmonton Trade, Cultural and Convention Centre.

While the Blue Quill and Lakewood shopping centres were sold during the year, planning and feasibility studies proceeded on proposed shopping centres in the Carma communities of Clareview and Crawford Plains.



The Lakewood (top), Blue Quill (bottom) Shopping Centres were sold by Carma during the year.





Construction is now complete on the Denver Marketplace project.

Denver, Colorado

In late 1979, Carma purchased the remaining 25 per cent interest in the large Marketplace complex in Aurora, Colorado. The company had previously purchased a 75 per cent undivided interest in the 22 acre complex in late 1978.

Construction of the five building shopping centre and twin, 12 storey office towers was virtually completed during 1979. Market Tower 1 is fully leased and Market Tower 2 will have full occupancy by early 1980. With Carma assuming active property management at November 1, 1979, leasing of the shopping centre portion will be accomplished in the first half of 1980. Land adjacent to the Marketplace complex was acquired in 1979. This Marketplace extension provides for the possible construction of further office accommodation.

Joint venture land was acquired in downtown Denver for the projected construction of a prestige twin office complex. Future development is being closely analyzed with architectural planning and approval procedures indicating a late 1980 or 1981 construction start.

Land Holdings in Acres

Carma's land bank activities since 1972 are summarized as follows:

	Land Controlled At Beginning of The Year	Land Acquired During The Year	Land Disposed Of During The Year	Land Controlled At End Of Year
1972	4,504	2,593	982	6,115
1973	6,115	5,421	599	10,937
1974	10,937	1,663	1,797	10,803
1975	10,803	1,953	646	12,110
1976	12,110	1,365	838	12,637
1977	12,637	3,504	1,146	14,995
1978	14,995	1,689	2,750	13,934
1979	13,934	1,982	1,770	14,146

At December 30, 1979 land controlled by Carma was located in the following regions:

Total Land	Land Developed And Under Development	Land Held for Future Development	Total Land Controlled
Calgary, Alberta	278	5,650	5,928
Edmonton, Alberta	31	3,334	3,365
Hamilton, Mississauga, Oakville, Ont	85	241	326
Prince George, B.C.	—	786	786
Vancouver, B.C.	107	511	618
Los Angeles, California Area	—	551	551
Sacramento, California	—	105	105
San Francisco, California Area	—	3	3
Houston, Texas	152	1,416	1,568
Seattle, Washington	140	88	228
Denver, Colorado	2	—	2
West Palm Beach, Florida	—	666	666
	<u>795</u>	<u>13,351</u>	<u>14,146</u>

CARMA LOT SALES

Residential (low density) lot sales were recorded in the following communities during 1979:

	No. of Lots
Calgary:	
Crowchild Ranch	28
Edgemont	166
Falconridge	228*
MacEwan Glen	520
Strathcona Park	71*
The Woodlands	70*
Woodbine	119*
Edmonton:	
Region:	
Blue Quill	1
Clareview	31
Crawford Plains	10
Millwoods	8
Pineview	10
Riverbend	45
Woodlands	41*

Vancouver:	
Region:	
Bonavista	47
Briarwood of	
Guildford	151
Cannery Place	21
Chilcotin Country	2
Compton Heath	1
Glen Robertson	4
Mountain Meadows	68
Newton Glen	1
Sunshine Woods	74
The Orchard	54
Tiffany Estates	63*
Hamilton:	
Region:	
Albion Estates	171
Seattle:	
Region:	
Inglewood Glen	130
Sacramento:	
Region:	
American River Canyon	191
Houston:	
The Colonies	119

*Carma's net share of joint venture projects

2,445

Builder — Shareholders

Calgary:

A. B. Custom Designers Ltd.; Art Rempel Homes Ltd.; B & H Homes (Calgary) Ltd.; Bamlett Construction Ltd.; Britannia Homes Ltd.; Built-Rite Developers Ltd.; Cairns Homes Limited; Dania Realty Ltd.; Engineered Homes Limited; F. Kuran Construction Co. Ltd.; G. Janssen Homes Ltd.; G. W. Boldt Homes Ltd.; Gordon J. Hewitt; J. K. Built Homes Ltd.; John Penner Construction Co. Ltd.; Koltes Construction Limited; Lars & Norman Kvellestad; Lietz Construction (1977) Ltd.; Master Craft Homes Ltd.; Menno Developments Ltd.; Mizera Construction Co. Ltd.; Neufeld Construction Ltd.; Nu-Venture Homes Ltd.; Nu-West Development Corporation Ltd.; Otto Bartel Homes Ltd.; Palace Builders Ltd.; Palace Homes Ltd.; Paragon Homes Limited; Park Place Projections Ltd.; Qualico Developments Ltd.; R. Wiebe Construction Limited; Rempel Construction Company Ltd.; Rosemont Rental Developments Ltd.; Semon & Lucas Construction Calgary Ltd.; Spindler Investments Ltd.; Springer Development Corporation Ltd.; V. R. Homes Limited; Wm. Lange Construction Ltd.

Edmonton:

Ace Lange Construction Ltd.; Alldritt Development Ltd.; Amrin Investments Ltd.; Bestlands Development (Alberta) Ltd.; Boychuck Construction Ltd.; Britannia Homes Ltd.; Built-Rite Developers Ltd.; Cairns Homes Limited; Candlelight Homes Ltd.; Delwood Construction & Development Ltd.; Ekert & Smith Construction Ltd.; Engineered Homes Limited; The H. A. Roberts Group Ltd.; J. Schouten & Sons Contractors Ltd.; Leamac Industrial Developments Ltd.; Leemar Developments Ltd.; Marlo Homes Limited; Nu-West Development Corporation Ltd.; Oakland Homes Ltd.; Perry Homes of Permanence Ltd.; Qualico Developments Ltd.; S. C. Anderson Developments Ltd.; Schaaf Bros. Construction Ltd.; Skylark Construction Ltd.; Springer Development Corporation Ltd.; Stanton Developments Ltd.; Vaage Construction Ltd.; Wayne Homes Ltd.

Hamilton:

Abbotsford Homes Limited; Atinas Homes Ltd.; Brian Robinson Construction Limited; Cochren Bros. Limited; Cohoe Contracting Limited; Davis Construction; Davis Custom Homes Limited; Edmac Developments Limited; Engineered Homes Limited; George Tkachuk and Son Construction Limited; Gracita Investments Limited; Hiljay Homes Limited; Ivan P. McKenna Construction Ltd.; J. Kern Custom Homes Ltd.; James Robinson Construction Limited; Jay Robinson Construction Limited; John A. McKenna Construction Limited; John Bruce Robinson Construction Limited; John E. Robinson Construction Limited; Mayotte Limited; Nu-West Development Corporation Ltd.; Razio Construction Limited; Southward Developments Limited; 201 Holdings Limited.

Vancouver

i) Vancouver Centre

A. B. Custom Designers Ltd.; Al's Construction Ltd.; Birchwood Development Company; L. R. Bourne; Dovel Construction Ltd.; Engineered Homes Limited; Fairwood Construction Ltd.; G. E. Lentsch Construction Ltd.; Island-View Construction Ltd.; Neal's Construction Ltd.; Nu-West Development Corporation Ltd.; Qualico Developments Ltd.; Rainbow Construction Co. Ltd.; Reinders-Watts Developments Ltd.; G. W. Rempel; Schmid Brothers Construction Ltd.; Springer Construction (Vancouver) Ltd.; Sundel Developments Ltd.; W. G. Henze Construction Ltd.

ii) Maple Ridge

Allankay Construction Ltd.; Brownjohn Homes Ltd.; R. J. Cooke; Engineered Homes Limited; G. Peterson Const.; Golden Ears Construction Ltd.; Hall Construction Ltd.; George Jacobsen; Koffmar Construction Ltd.; Neal's Construction Ltd.; Nu-West Development Corporation Ltd.; Palisade Developments Ltd.; Pearce Construction Company (1971) Ltd.; R. G. C. Drywall (1976) Ltd.; Schild Construction Ltd.; Schmid Brothers Construction Ltd.; Sidney Devries Cement Contracting Ltd.; V. Sparks; Springer Construction (Vancouver) Ltd.; W. E. Industries Ltd.;

iii) Sur-Del

Allankay Construction Ltd.; L. R. Bourne; Bracco Homes Ltd.; E. R. McDonald Ltd.; Engineered Homes Limited; G. Peterson Const.; Gerhard Bartel Building Contractor Ltd.; E. B. Helmer; Hoing Construction Ltd.; J. And M. Home Improvements Ltd.; J. Bright Holdings Ltd.; George Jacobsen; John Penner Construction Co. Ltd.; C. Merriam; Neal's Construction Ltd.; Norcoast Homes Ltd.; Nu-West Development Corporation Ltd.; Plaza Construction Ltd.; Qualico Developments Ltd.; Ridgewood Construction Ltd.; Robert Bontkes; Schmid Brothers Construction Ltd.; Sidney Devries Cement Contracting Ltd.; Springer Construction (Vancouver) Ltd.; Sundel Developments Ltd.; V. Ozols Construction Ltd.; Walter's Homes.

Divisional Advisory Boards

Calgary:

Wayne Hill, Tom Hughes, Gert Janssen, Al MacLean, Mike Ross, Eck Spindler.

Edmonton:

Eric Albrecht, Walter Braul, Keith Dahlen, Art Fleck, Irvin Just.

Vancouver:

Doug Bigelow, Vic Hoing, Peter Hyndman, Denny Pearce, Mitts Sakai, Vern Sparks.

Hamilton:

Don Ennis, Gordon James, Eric Johnson, Jay Robinson.

Seattle:

Jim Falconer, David Lozier Jr., Bill Riley.

ICI Division

Lorne Braithwaite, Joe Finochio, Ken Ford, Peter Hyndman.

*** Carma Directors, officers and management who serve on Advisory Boards are not listed.*

Senior Management

HEAD OFFICE:

1700 Varsity Estates Drive N.W.
Calgary T3B 2W9
(403) 286-3331



Joe Combe
*Vice-Chairman of the Board
Chief Executive Officer*



Roy Wilson
President



Rudy Janzen
Executive Vice-President



Dale Moffett
*Vice-President
Northwest, U.S.A.*



Dick Owen
*Vice-President
Finance*



John Shields
*Vice-President
ICI Division, U.S.A.*



Roman Winnicki
*Vice-President
Ontario, Eastern U.S.A.*



Bryan Winspear
*Vice-President
Southwest U.S.A.*



Barry Wong
*Vice-President
ICI Division*



Jim Smith
Treasurer



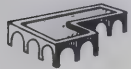
Sam Travis, Jr.
*Secretary and
General Counsel*



Residential Development



Office Construction



Commercial Construction



Residential built by Carma



Edmonton

Vancouver



Seattle



San Francisco Area



Sacramento

Los Angeles Area



Houston



Palm Beach

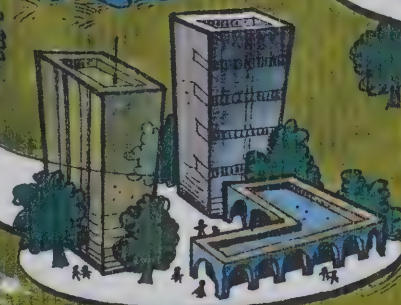


CALGARY

Toronto Area



Denver



C. KADATZ

Carma Involves People

It's fitting that Carma Developers Ltd., which helps people by creating new communities would remain a part of those communities long after the company's obligations had ceased.

Carma involves people in its corporate social responsibility program. The contributions may be in the form of time, whether coaching in minor sports programs, or time spent as members of groups whose aim it is to build a better tomorrow.

Other contributions may be through corporate donations. In 1979 Carma provided funds for amateur sports for young and old alike.

Further donations helped to provide relief from natural disasters, to encourage the arts, assist in the purchase of specialized and expensive medical equipment, as well as assist students towards furthering their education.



Carma's program includes ongoing support of amateur sport.



Carma's sponsorship of the Famous People Players was a highlight of the social responsibility program during 1979. Joe Combe presents a memento of the occasion to the group.



Carl Cheverie, Calgary Regional Manager, presents Carma Developers Gold Medals and Scholarships to University of Calgary students Jim Ziegler (left) and Roy Robb Brander (right).

The benefits of Carma's corporate social responsibility program may be as immediate as the broad smile on a little boy's freckled face when he hits his home run, or longer term, when a cure for cancer is finally found. Carma will continue to contribute now, and in the future.

FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS

	1979	1978
Total revenue	\$142,508,000	\$104,620,000
Net income	\$ 29,790,000	\$ 21,949,000
Net income per common share	\$ 2.65	\$ 1.95
Cash flow per common share	\$ 2.46	\$ 3.31

Deployment of Capital

During 1979 Carma continued its evolution into a broad-range real estate company rather than its early-70's role of being predominately a residential land developer. By December 30, 1979, 10% of its total assets were invested in rental properties, with substantial additional properties expected to be built in future years on sites presently held in Calgary, Edmonton, Seattle, Sacramento and Denver.

Total assets have increased by 42 per cent to \$398 million from \$281 million a year earlier. By component, the increases were:

- cash (including marketable securities), receivables, residential units under construction, developed land and land under development up 35%.
- land held for future development up 30%
- rental properties up 43%

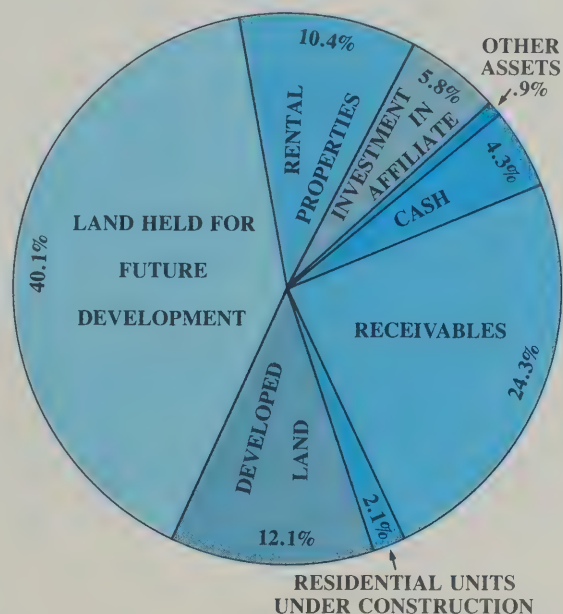
Furthermore, as described in the notes to the financial statements, the Company's properties had an appraised value of approximately \$210 million in excess of book value. Of the \$398 million total, U.S. assets climbed to \$92 million U.S., up 130 per cent from the \$40 million U.S. on the books last year, with the emphasis on new investments in Southern California and other areas expected to have higher than average growth.

In order to broaden its earnings base, the Company invested \$21.5 million to acquire 27% of the common shares of Allarco Developments Ltd., thus providing exposure to Allarco's involvement in chemicals, communications, and financial services. It is expected that Allarco will add significantly to future earnings and asset growth. Also, as indicated in the notes to the financial statements, Carma has acquired a minority position in the common shares of The Christiana Companies, Inc., a publicly-listed real estate developer with major operations in Southern California.

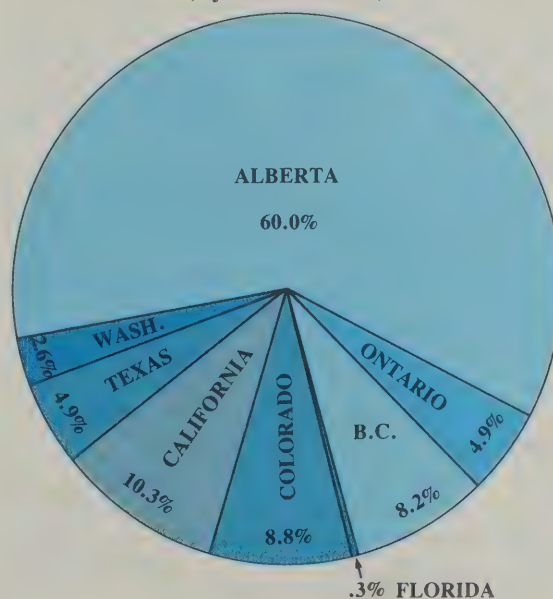
Capitalization

As a growth company Carma continuously requires capital to fund expanding activities. Funds are generated by operations, by external financing and through the disposal of existing assets. This third source of capital is very important in achieving superior long term results for the Company, as assets which have reached their potential are sold and the

ASSETS BY CATEGORY
(By Dollar Value)



ASSETS BY GEOGRAPHIC AREA
(By Dollar Value)



proceeds are reinvested into higher growth opportunities. In 1979, the Company continued this process by selling a total of 803 acres of undeveloped land, principally from the Company's Alberta holdings.

Carma's assets are financed with a combination of short term debt, long term debt, deferred income taxes and shareholder's equity. In 1979, the Company made significant additions to each of these categories except for deferred income taxes.

Long term financing arranged in 1979 included 12% Series B Sinking Fund Debentures for \$20,000,000 in February and 12½% Series C Sinking Fund Debentures for \$15,000,000 in October. In light of the Company's continued rapid growth expectations in the 1980's and the economic uncertainties currently affecting long term money markets, emphasis will again be placed in 1980 on securing adequate long term funds.

At December 30, 1979 the Company maintained its superior liquidity, with a ratio of cash, receivables, developed land, land under development and residential units under construction vs. bank indebtedness and other short term liabilities of 2.08 times (December 30, 1978 — 2.42 times). Overall long term debt to equity increased slightly to 2.25 (December 30, 1978 — 2.02 times).

Common Shares

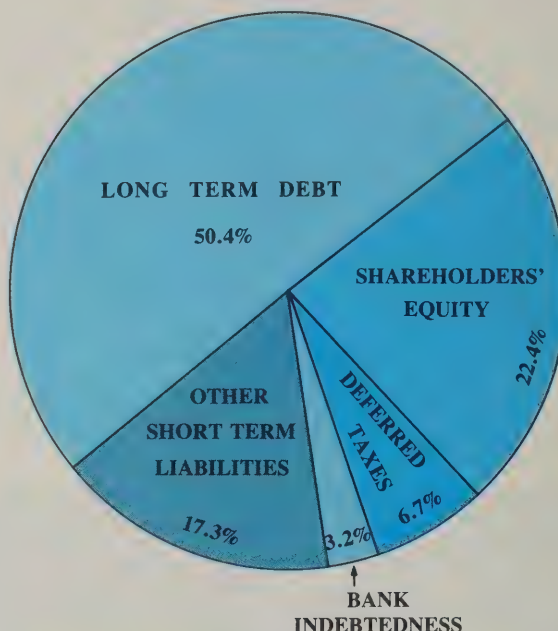
The 1979 year end is an appropriate time to reconsider the growth of the shareholders' investment in Carma during the 1970's.

Carma's common shares were publicly listed in late 1972, at an issue price of \$1.31 per share (\$7-7/8 restated for subsequent stock splits totalling six for one). The closing price of \$15.00 on December 30, 1979 represented an increase of over 1,000% over approximately seven years. In addition, common dividends paid from 1974 through 1979 totalled \$12 million or a further \$1.08 per share.

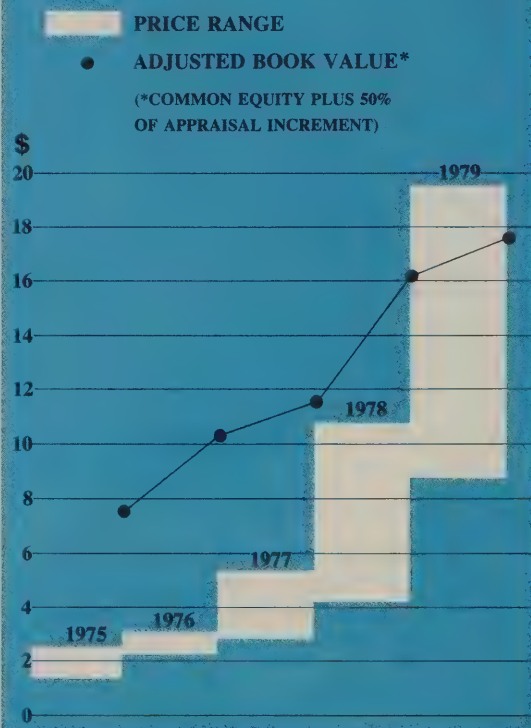
In 1979, the Company introduced a stock dividend option for shareholders who wished to reinvest in the Company rather than receive cash dividends. Approximately one quarter of all common share holders chose the stock dividend for the November 1979 quarterly payment. Late in the year the Company also introduced a modest share repurchase program limited to 200,000 shares (1.8% of the outstanding common shares) and purchased 94,800 shares in December 1979.

The common shares are listed on the Toronto and Alberta Stock Exchanges. There were 11,102,230 common shares outstanding at December 30, 1979, of which 9,275,000 or 83.5% were registered in the names of Carma Builder-Shareholders.

CAPITALIZATION BY COMPONENT 1979 ONLY



COMMON SHARES (RESTATED FOR SHARE SPLITS IN 1975, 1976 AND 1978)



AUDITORS' REPORT

To the Shareholders of
Carma Developers Ltd.

We have examined the consolidated balance sheet of Carma Developers Ltd. as at December 30, 1979 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of Carma Developers Ltd. as at December 30, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CALGARY, Alberta
February 27, 1980

Winspear Higgins Stevenson & Co.
CHARTERED ACCOUNTANTS

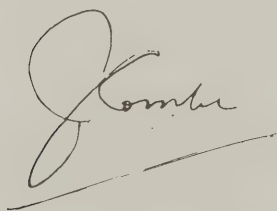
CARMA DEVELOPERS LTD.

CONSOLIDATED BALANCE SHEET

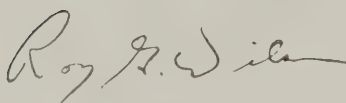
December 30, 1979

Assets	1979	1978
	(\$000's)	(\$000's) (Note 19)
Cash and deposit receipts	\$ 4,774	\$ 681
Marketable securities, at cost, market value \$12,764,000; 1978 — \$9,043,000	12,199	8,671
Receivables (Note 3)	96,865	80,046
Residential units for sale, under construction, at cost	8,345	—
Land, developed and under development (Note 4)	48,150	36,655
Land held for future development (Note 5)	159,592	123,199
Rental properties (Note 6)	41,484	28,984
Investment in affiliated company (Note 8)	22,925	—
Other assets, at cost less accumulated depreciation \$508,000; 1978 — \$390,000	1,141	1,077
Deferred financing costs less amortization \$1,033,000; 1978 — \$596,000	2,804	1,945

On Behalf of the Board



Director

\$398,279\$281,258


Director

The accompanying notes form part of this statement

Liabilities

	1979	1978
	(\$000's)	(\$000's)
Bank indebtedness (Note 9)	\$ 12,915	\$ 18,972
Payables and accruals (Note 10)	44,947	33,076
Income taxes payable	23,847	—
Long term debt (Note 11)	200,690	134,134
Deferred income taxes	26,662	28,581
	<u>309,061</u>	<u>214,763</u>

Shareholders' Equity

Share capital (Note 12)

Authorized

235,875 First preferred shares with a par
value of \$20 (1978 — 2,000,000)5,000,000 Preferred shares with a par
value of \$20 (1978 — nil)12,000,000 Class A convertible
common shares without
nominal or par value12,000,000 Class B convertible
common shares without
nominal or par value

Issued and outstanding

207,875 8³/₄% cumulative redeemable
first preferred shares,
Series A (1978 — 240,625) 4,157 | 4,813 |

8,084,236 Class A convertible
common shares
(1978 — 3,921,988) and

3,017,994 Class B convertible
common shares
(1978 — 7,130,152) 6,126 | 4,644 |

Retained earnings (Note 13) 78,935 | 57,038 |

89,218

66,495

\$398,279

\$281,258

5

CARMA DEVELOPERS LTD.**CONSOLIDATED STATEMENT OF INCOME**

Year Ended December 30, 1979

	1979	1978
	(\$000's)	(\$000's)
Revenue		
Sale of residential land	\$ 76,103	\$ 64,008
Sale of commercial, high density and undeveloped property	53,062	34,756
Rental income	1,396	681
Interest and other	11,947	5,175
Total revenue	142,508	104,620
Expenses		
Cost of residential land sold	45,821	36,824
Cost of commercial, high density and undeveloped property sold	22,335	15,254
Rental operating costs	448	252
Administrative and general (Note 14)	8,747	4,844
Interest (Note 15)	9,882	5,253
Depreciation and amortization	752	446
Total expenses	87,985	62,873
Net operating income before income taxes	54,523	41,747
Income taxes	25,783	19,798
Net operating income	28,740	21,949
Equity in net income of affiliate (Note 8)	1,050	—
Net income	\$ 29,790	\$ 21,949
Earnings per share	1979	1978
Basic	\$2.65	\$1.95
Fully diluted	\$2.64	\$1.93

*The accompanying notes form part of this statement.***CARMA DEVELOPERS LTD.****CONSOLIDATED STATEMENT OF RETAINED EARNINGS**

Year Ended December 30, 1979

	1979	1978
	(\$000's)	(\$000's)
Balance, beginning of year	\$ 57,038	\$ 38,174
Net income	29,790	21,949
	86,828	60,123
Less: Dividends paid (note 13)	6,504	3,085
Excess over stated value of common shares repurchased (Note 12)	1,389	—
	7,893	3,085
Balance, end of year (Note 13)	\$ 78,935	\$ 57,038

The accompanying notes form part of this statement.

CARMA DEVELOPERS LTD.
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended December 30, 1979

	1979	1978
	(\$000's)	(\$000's)
Cash was provided by the following		
Operations		
Net income	\$ 29,790	\$ 21,949
Items not requiring (not providing) cash		
Depreciation and amortization	752	446
Deferred income taxes	(1,919)	14,601
Equity in net income of affiliate, less dividends received	(953)	—
	<u>27,670</u>	<u>36,996</u>
Increase in		
Bank indebtedness	—	11,985
Payables and accruals	9,638	6,708
Mortgages and agreements payable on rental properties	3,994	21,285
Income taxes payable	23,847	—
Issue of sinking fund debentures	35,000	15,000
Issue of notes payable	12,665	—
Issue of common shares	1,085	20
	<u>113,899</u>	<u>91,994</u>
Cash was used for the following		
Increase in		
Receivables	16,819	42,095
Marketable securities	3,528	7,161
Investment in land and utility costs	29,334	14,712
Rental properties	12,577	23,872
Residential units under construction	8,345	—
Other assets	301	68
Deferred financing costs	1,296	837
Decrease in		
Bank indebtedness	6,057	—
Income taxes payable	—	1,569
Purchase of shares in affiliate	21,972	—
Redemption of debentures	1,424	2,003
Redemption of preferred shares	656	187
Repurchase of common shares	1,439	—
Dividends	6,058	3,085
	<u>109,806</u>	<u>95,589</u>
Increase (decrease) in cash and deposit receipts	<u>\$ 4,093</u>	<u>\$ (3,595)</u>

The accompanying notes form part of this statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 30, 1979

1. Accounting policies

The Company's accounting policies are in accordance with the recommendations of the Canadian Institute of Chartered Accountants.

(a) Income recognition

(i) Land sales

Land sold is recognized as income for accounting purposes on the date on which title to the land passes on closing of the sale. Land sold by way of an agreement of purchase and sale is recognized as income when the agreement is duly executed and delivered. In both cases, income is recognized only when the Company has received a cash down payment of not less than 15 per cent.

(ii) Rental revenue

Rental revenue is recorded as it is earned, subject to the Company's capitalization of costs policy.

(b) Land costs

The Company determines the cost of developed lots sold and unsold as follows:

(i) Undeveloped land cost is prorated on an acreage basis in each phase of a subdivision under development.

(ii) Servicing costs are estimated and prorated on a front footage or per lot basis in each phase of a subdivision under development.

(iii) Upon the substantial completion of each phase of a subdivision under development any difference between actual and estimated servicing costs is recognized by way of adjustment in the accounts.

(iv) Each phase of a subdivision under development is treated as a complete development area.

(c) Capitalization of costs

(i) Land held for future development

The Company capitalizes the following as a part of the cost of land held for future development:

(A) Interest on agreements relating directly to the acquisition of land held for future development.

(B) Real estate taxes on land held for future development.

(C) Interest on general long term debt borrowing deemed applicable to the Company's investment in land held for future development.

(D) Other direct costs applicable to land held for future development, including administrative overhead, commissions, legal fees, soil testing and engineering studies.

(ii) Rental properties and rental properties under construction

The Company follows the policy of capitalizing direct carrying costs such as interest, realty taxes and that portion of administrative expenses considered applicable to each rental project, net of revenues received, until an acceptable level of occupancy is achieved. Capitalization is subject to a reasonable time period based on the size and nature of each rental property.

(d) Deferred income taxes

The Company records income taxes on the tax allocation basis. Deferred income taxes result primarily from:

(i) Treatment of

(A) Utility costs expended on the development of subdivisions in relation to cost of sales recorded in the accounts.

(B) Certain carrying costs relating to land held for future development and rental properties.

(C) The deferred portion of financing costs.

1. Accounting policies continued

- (ii) The recognition of profits for income tax purposes from land sales when the balance of the purchase price is due after the end of the year.
- (iii) Capital cost allowance claimed for income tax purposes in excess of depreciation recorded in the accounts.
- (e) Depreciation and amortization
 - (i) The Company follows the sinking fund method of accounting for depreciation of rental properties and office buildings. Under this method, buildings are depreciated over their estimated useful life in annual amounts increasing at the rate of 5% compounded annually. The estimated useful life is 50 years for office buildings and 30 - 45 years for shopping centres. Other equipment is depreciated on a basis sufficient to amortize the cost over its estimated useful life.
 - (ii) The Company amortizes the cost of equity financing on a straightline basis over a ten-year period. Costs of debt financing are amortized over the retractable term of the debt.
 - (iii) Initial leasing costs for rental properties are capitalized and depreciated with the building.
- (f) Foreign exchange

Accounts in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the balance sheet date. Unrealized gains are recorded as deferred income and unrealized losses in excess of unrealized gains are expensed. Realized gains or losses are reflected in the statement of income at the time they occur.

2. Principles of consolidation and accounting presentation

The consolidated financial statements include:

- (a) The assets and liabilities and results of operations of Carma Developers Ltd. and its subsidiaries.
- (b) The proportionate share of assets, liabilities, income and expense and commitments of the Company's interest in unincorporated and incorporated joint ventures and partnerships. The Company has a 50 per cent interest in all unincorporated joint ventures and partnerships to which it is a party.
- (c) The proportionate share of net income since acquisition of affiliated companies in which the Company has a significant investment. The excess of cost of the investment over the underlying equity value acquired is amortized over a period of forty years on a straight line basis.

3. Receivables

	1979	1978
	(\$000's)	(\$000's)
Trade, secured by agreements of purchase and sale bearing interest at varying rates up to 17 ¹ / ₂ % (1978 - 13 ¹ / ₂ %) and maturing within one year	\$ 55,057	\$ 45,416
Agreements of purchase and sale on commercial, high density and undeveloped property bearing interest at varying rates up to bank prime plus 3% (1978 - bank prime plus 3%)	34,177	28,522
Accrued interest and other	7,631	6,108
	<u>\$ 96,865</u>	<u>\$ 80,046</u>
The receivables are due as follows:		
1980	\$ 69,056	
1981	9,561	
1982	7,902	
1983	2,809	
1984	3,488	
Subsequent to December 30, 1984	4,049	
	<u>\$ 96,865</u>	

4. Land, developed and under development

	1979	1978
	(\$000's)	(\$000's)
		(Note 19)
Developed land, at total estimated cost	\$ 41,461	\$ 39,919
Less: Estimated cost to complete	7,547	7,275
	33,914	32,644
Land under development, at cost	14,236	4,011
Land developed and under development, at cost to date	\$ 48,150	\$ 36,655

5. Land held for future development

Land held for future development, including option deposits, is stated at the lower of cost and net realizable value, and includes the following:

	1979	1978
	(\$000's)	(\$000's)
		(Note 19)
Land and option deposits	\$138,330	\$107,511
Interest	12,598	7,938
Development costs	5,036	5,189
Taxes, professional fees and commissions	2,062	1,558
General and administrative expenses	1,566	1,003
	\$159,592	\$123,199

To acquire the land under option, an additional expenditure of \$20,350,000 (1978 - \$20,156,000) would be required.

During the year \$8,326,000 (1978 - \$5,900,000) was charged to land held for future development for interest, taxes, professional fees and commissions and general and administrative expenses.

6. Rental properties

	1979			1978
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Shopping centres	\$ 3,517	\$ 93	\$ 3,424	\$ 6,109
Office buildings	11,606	49	11,557	—
	15,123	142	14,981	6,109
Under construction	25,198	—	25,198	22,875
Options	1,305	—	1,305	—
	\$41,626	\$142	\$41,484	\$28,984

Costs to complete rental properties under construction are estimated at \$22,096,000 (1978 - \$16,915,000). To acquire the property under option, an additional expenditure of \$17,362,000 (1978 - nil) would be required.

7. Appraisal

The Company's properties were appraised as at December 30, 1979 and 1978 by J. C. Leslie Appraisals Ltd., Appraisers and Real Estate Consultants. The results of these appraisals are as follows:

7. Appraisal continued

	1979				1978	
	Land, developed and under development	Land held for future development	Rental properties and rental properties under construction	Residential units under construction	Total	Total
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's) (Note 19)
Appraised value	\$84,297	\$342,291	\$69,308	\$11,619	\$507,515	\$433,637
Book value per balance sheet	48,150	159,592	41,484	8,345	257,571	188,838
Adjustments to arrive at a basis consistent with the appraisal						
(a) Costs to complete sub- divisions under development	7,547				7,547	7,275
(b) Costs to exercise options		20,350	17,362		37,712	20,156
(c) Development costs to date on land appraised as undeveloped		(5,036)			(5,036)	(5,189)
Subtotal	55,697	174,906	58,846	8,345	297,794	211,080
Excess of appraised value over total cost thereof	\$28,600	\$167,385	\$10,462	\$ 3,274	\$209,721	\$222,557

The appraised value does not make any allowances for selling and administrative expenses nor income taxes related to the sale of the appraised properties. The appraisal is the sum total of the individual properties. No assumptions have been made with respect to the bulk sale of the entire holdings or groups of properties.

8. Investment in affiliated company

During the year the Company purchased 441,010 common shares and 10,000 convertible first preference shares of Allarco Developments Ltd. The investment represents 26.7% of the outstanding common shares and 5% of the outstanding convertible preferred shares of Allarco Developments Ltd. and is summarized as follows:

	1979
	(\$000's)
Share of equity at date of acquisition	\$16,628
Add: Excess of cost of common shares over equity value at date of acquisition	4,822
Share of equity income	1,050
	22,500
Less: Dividends received	98
Equity value of common shares (market value — \$21,609,000)	22,402
Cost of preferred shares	523
Total investment	\$22,925

The Company has recorded its proportionate share of the net income of Allarco Developments Ltd. from date of acquisition to September 30, 1979.

9. Bank indebtedness

The bank indebtedness is represented by operating and project bank loans of Carma Developers Ltd. and certain subsidiary companies. The bank indebtedness of Carma Developers Ltd. is secured by a general assignment of receivables and a first floating charge demand debenture. The bank indebtedness of the subsidiary companies is secured by a general assignment of receivables, demand debentures and equity in certain projects, all as related to the subsidiaries.

10. Payables and accruals

	1979	1978
	(\$000's)	(\$000's)
Trade and other payables	\$27,562	\$17,924
Accrued development costs on land sold	17,385	15,152
	<u>\$44,947</u>	<u>\$33,076</u>

A net unrealized foreign exchange gain of \$716,000 (1978 - \$1,070,000) is included in the trade and other payables.

11. Long term debt

	1979	1978
	(\$000's)	(\$000's)
Payable on land developed and under development. Agreements of purchase and sale and mortgages payable at interest rates varying up to bank prime plus 2% (1978 — bank prime plus 2%)	\$ 10,489	\$ 5,453
Payable on land held for future development Agreements of purchase and sale and mortgages payable at interest rates varying up to 14% (1978 — bank prime plus 2%)	77,242	66,877
Mortgages and agreements payable on rental properties. The mortgages and agreements bear interest at varying rates up to bank prime plus 2% (1978 — bank prime plus 2%)	28,211	24,217
Note payable, secured The note arises on the purchase of an investment and bears interest at bank prime rate	12,665	—
Mortgages, other, at interest rates varying up to 9%	920	—
Secured debentures The debentures are secured by a fixed and specific mortgage, a pledge and charge of certain specific assets and a floating charge upon the undertaking and all property and assets of the Company subject to certain allowable prior charges		

11. Long term debt continued

	<u>Interest</u>	<u>Maturity</u>	<u>Retractable</u>		
Series A	11.5%	1996	1981	8,557	8,701
Series B	11 ¹ / ₄ %	1997	1985	13,056	13,243
Sinking fund debentures					
The debentures are secured by a floating charge upon the undertaking and all other property and assets of the Company, subject to certain allowable prior charges					
	<u>Interest</u>	<u>Maturity</u>	<u>Retractable</u>		
Series A	11 ¹ / ₄ %	1998	1984	14,550	15,000
Series B	12%	1999	1987	20,000	—
Series C	12 ¹ / ₂ %	1989	N/A	15,000	—
8% Subordinated debentures, Series C				—	643
				<u>\$200,690</u>	<u>\$134,134</u>
Principal payments due on long term debt are as follows:					
1980				32,268	
1981				25,555	
1982				18,786	
1983				17,006	
1984				13,473	
Subsequent to December 30, 1984				93,602	
				<u>\$200,690</u>	

12. Share capital

- (a) At a Special General Meeting of the Shareholders held June 19, 1979, the shareholders approved an increase in the authorized capital of the Company by the creation of 5,000,000 preferred shares with a par value of \$20 each.
- (b) At a meeting of the Board of Directors held June 19, 1979, the directors approved a reduction in the authorized capital of the Company by the cancellation of the authorized 2,000,000 first preferred shares of the Company, except for the 235,875 first preferred shares, Series A then issued and outstanding.
- (c) During the year the Company issued 36,501 Class B common shares as stock dividends.
- (d) During the year 32,182 common shares (1978 - 12,680) were issued pursuant to the Company's stock option plan for \$48,000 (1978 - \$20,000) and 5,000 outstanding stock options were cancelled.
- (e) The Company has a stock option plan under which options on 36,358 common shares are outstanding as at December 30, 1979 (1978 - 73,540). These options have been granted to senior officers and employees and are exercisable to July 31, 1981 at \$1.50 per share.
- (f) During the year the Company initiated an employee share purchase plan. In 1979, 76,207 common shares of the 77,992 shares allotted under the plan were issued for a total consideration of \$1,038,000.
- (g) During the year, the following shares were redeemed or repurchased.
 - (i) 32,750 8³/₄% cumulative redeemable first preferred shares, Series A, for a consideration of \$656,000.
 - (ii) 94,800 Class A and B convertible common shares for a consideration of \$1,439,000.

13. Dividends

	1979	1978
The following dividends were declared and paid:	(\$000's)	(\$000's)
Preferred share cash dividends	\$ 414	\$ 433
Common share cash dividends	5,644	2,652
Common share stock dividends	446	—
	<u>\$6,504</u>	<u>\$3,085</u>

Under the terms of the trust indenture securing the sinking fund debentures, dividends on common and preferred shares shall not be declared or paid if after such payment the amount of consolidated shareholders' equity would be less than \$60,000,000.

14. Administrative and general

	1979	1978
	(\$000's)	(\$000's)
Administrative and general expenses incurred	\$ 10,813	\$ 6,512
Add: Incidental revenue credited to land held for future development	49	107
	<u>10,862</u>	<u>6,619</u>
Less: Amounts received from joint venture participants	1,372	961
Amounts capitalized to land held for future development	743	814
	<u>2,115</u>	<u>1,775</u>
Administrative and general expense	<u>\$ 8,747</u>	<u>\$ 4,844</u>

15. Interest

	1979	1978
	(\$000's)	(\$000's)
Interest on long term debt and bank demand loans	\$ 17,078	\$ 9,883
Less: Interest applicable to land held for future development	6,854	4,448
Interest applicable to rental properties under construction	342	182
	<u>7,196</u>	<u>4,630</u>
Interest expense	<u>\$ 9,882</u>	<u>\$ 5,253</u>
Summary:		
Interest related to land development operations	\$ 9,426	\$ 5,102
Interest related to completed rental properties	456	151
	<u>\$ 9,882</u>	<u>\$ 5,253</u>

16. Remuneration of directors and senior officers

The aggregate direct remuneration of directors and senior officers amounted to \$1,652,000 (1978 — \$1,060,000) which amount included \$57,000 (1978 — \$49,000) in directors' fees.

17. Contingent liabilities and commitments

The Company is committed to spend an estimated \$7,547,000 (1978 — \$7,275,000) to complete subdivisions under development (Note 4). These commitments arise from development agreements entered into with municipal governments.

The Company is committed to spend an estimated \$22,096,000 (1978 — \$16,915,000) to complete rental properties under construction. (Note 6)

The Company is contingently liable with respect to letters of guarantee issued by chartered banks totalling \$16,997,000 (1978 — \$6,005,000).

The Company is contingently liable under joint and several guarantees for a total of \$6,719,000 of co-participants' shares of bank loans of a joint venture and of a partnership. The co-participants' net worths, including their equity in the assets of the joint venture and of the partnership, are available to support their respective joint and several guarantees.

18. Joint ventures

The financial statements include the Company's proportionate share of the accounts of incorporated and unincorporated joint ventures and partnerships. A summary of these amounts is as follows:

	<u>1979</u>	<u>1978</u>
	(\$000's)	(\$000's)
Assets	\$ 36,714	\$ 71,639
Liabilities	\$ 23,733	\$ 31,949
Revenue	\$ 21,689	\$ 18,866
Expenses	\$ 9,400	\$ 10,814

19. Comparative figures

The 1978 comparative figures have been changed to conform with the current year's presentation.

20. Subsequent event

To February 27, 1980 the Company has acquired approximately 18% of the outstanding shares of The Christiana Companies, Inc., a U.S. public company, for a total cost of \$4,768,000 U.S.

FIVE YEAR HISTORY

	1979	1978	1977	1976	1975
Financial Highlights					
(thousands of dollars)					
Revenue	\$ 142,508	\$ 104,620	\$ 62,100	\$ 57,755	\$ 39,487
Net income	29,790	21,949	11,410	10,429	7,266
Funds from operations	27,670	36,996	17,357	10,173	10,920
Dividends	6,504	3,085	1,762	1,091	267
Per common share*					
Net Income					
— basic	\$ 2.65	\$ 1.95	\$ 1.04	\$ 0.96	\$ 0.70
— fully diluted	2.64	1.93	1.03	0.94	0.69
Funds from operations	2.46	3.31	1.58	0.93	1.06
Dividends55	0.24	0.16	0.10	0.025
Book value	7.72	5.58	3.88	3.02	2.18
Market price range	\$8.75-19.50	4.12-10.75	2.75-4.63	2.12-3.00	1.31-2.44
Other statistics					
(thousands of dollars except shares and employees)					
Land	\$ 207,742	\$ 159,854	\$ 127,599	\$ 94,091	\$ 74,779
Rental properties	41,484	28,984	5,157	—	—
Total assets	398,279	281,258	179,011	127,373	103,423
Appraisal increment	209,721	222,557	160,604	157,719	113,029
Long term debt	200,690	134,134	87,202	51,592	54,967
Shareholders' equity	89,218	66,495	47,798	33,054	23,282
Common shares outstanding*					
Actual	11,102,230	11,052,140	11,039,280	10,959,136	10,678,884
Weighted average	11,081,669	11,048,589	11,013,614	10,912,996	10,297,484
Number of employees	122	87	61	53	39

*adjusted for the 3-for-2 split in September 1975, the 2-for-1 split November 1976 and the 2-for-1 split in November 1978.

TRANSFER AGENTS & REGISTRARS:

Montreal Trust Company — Class A and B Common Shares, Series A and Series B Sinking Fund Debentures

The Canada Trust Company — Series A and Series B Secured Debentures

Guaranty Trust Company — First Preferred Shares Series A

SHARES LISTED:

Toronto Stock Exchange
Alberta Stock Exchange

AUDITORS:

Winspear Higgins Stevenson & Co.

Carma Offices

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WHOLLY-OWNED

SUBSIDIARY COMPANIES:

Carma Developers (Realty) Ltd.
Carma Developers (Edmonton) Ltd.
Sur-Del Builders Development Ltd.
Carma Developers, Inc.
and its subsidiaries
Carma Developers (Washington), Inc.
Carma Developers (California) Inc.
Carma Developers (Florida) Inc. and its subsidiary
Carma Developers (Palm Beach) Inc.
Carma Developers (Arizona) Inc.
Cardev Ltd.
Carma Developers (Texas) Inc.
and its subsidiary
Colony Real Estate, Inc.

Debentures issued by Carma

November 2, 1979

Carma Developers Ltd. of Calgary announced today that it has issued \$15,000,000 of 12¹/₂% Sinking Fund Debentures, Series C, to The Canadian Imperial Bank of Commerce. The 10-year debentures, maturing October 31, 1989, were issued at a discounted price to yield 13% to the purchaser.

The company, a publicly listed real estate developer with active operations in Canada and the United States, advised that the proceeds of the issue are expected to be used in the ordinary course of its real estate operations.

Carma fourth quarter dividend

September 19, 1979

The Board of Directors of Carma Developers Ltd. have declared a cash dividend on the Class A Common Shares and a stock dividend on the Class B Common Shares.

The dividend on each class of shares will be payable on November 9, 1979, to holders of record on October 31, 1979. The cash dividend on the outstanding Class A Common Shares has been established at 15¢ per share.

SEE FINANCIAL SECTION

Carma purchases Allarco land interests in Southwest Edmonton

January 23, 1979

Carma Developers Ltd. announced today that they have acquired a portion of the land holdings of Allarco Developments Ltd. of Edmonton, located in the

Riverbend area of southwest Edmonton.

The agreements involve Carma's purchase of the undivided one-half interest held by Allarco on 366 acres which were formerly owned jointly by Carma and Allarco. Carma becomes the owner of the total 366 acres, increasing its actual holdings by 183 acres.

CONTINUED PAGE 6

Carma files notice for Allarco share bid

July 13, 1979

Carma Developers Ltd. of Calgary announced today that it has filed a notice with the Toronto Stock Exchange to make an offer to purchase through the facilities of the Exchange up to 300,000 common shares of Allarco Developments Ltd. at the price of \$52.25 per share.

Carma will pay all normal brokerage commissions incurred by Allarco shareholders who tender their common shares. The offer will be open on the floor of the Exchange between 9:00 and 9:30 a.m. on Monday, July 30, 1979. If more than 300,000 common shares of Allarco are tendered for sale to Carma, such shares will be purchased pro rata in accordance with the rules of the Exchange. Carma has instructed Alfred Bunting & Co. Limited, a member of the ex-

change, to purchase the common shares as its agent. Shareholders should consult with their financial advisers or brokers in connection with the acceptance of this offer.

CONTINUED PAGE 3

Carma Purchases Land in Sacramento, California

January 17, 1979

Carma Developers Ltd., with head-office in Calgary, Alberta, announced today that its wholly owned subsidiary, Carma Developers (California) Inc. has exercised its option on 110 acres of land known as "Meadow Wood", in the south Natomas area of Sacramento, California.

This property has been under option for several months during which time regulatory approvals have been secured for a tentative map for 466 single family residential lots. Substantial sales are expected during 1979 from the Meadow Wood project.

CONTINUED PAGE 10

Third quarter results point to record year for Carma

October 24, 1979

Carma Developers Ltd. of Calgary reported net income of \$20,293,000 or \$1.81 per share on total revenues of \$96,081,000 for the nine months ended September 30, 1979.

This compares with net income of \$12,546,000 or \$1.11 per share from total revenues of \$56,918,000 for the same period of 1978.

Carma Developers Ltd. & Bowlen Holdings Ltd. announce joint venture projects in Edmonton.

December 4, 1979

Carma Developers Ltd. of Calgary and Bowlen Holdings Ltd. of Edmonton announced today the completion of a joint venture agreement for the development of two prime commercial sites in downtown Edmonton.

Construction is scheduled to commence immediately upon receipt of final City approvals, on a 20 storey, atrium office tower located on the southwest corner of 102 Street and Jasper Avenue. The 200,000 square foot structure is scheduled for completion in the summer of 1981. Bowlen Holdings Ltd. will be the development manager of the office tower project.

CONTINUED PAGE 10

Carma first quarter shows significant increase

April 20, 1979

Carma Developers Ltd. of Calgary reported net income of \$3,769,000 or 33 cents per share on total revenues of \$21,061,000 for the three months ended March 31, 1979.

This compares with net income of \$499,000 or 4 cents per share from total revenues of \$13,909,000 in the first quarter of 1978.